

**Statement by Kaltex Fibers S.A. de C.V. to the
House Ways and Means Committee
Opposing Certain Duty Suspension Bills on Acrylic Fiber
(H.R. 4410, H.R. 4411, H.R. 4412, H.R. 4413, H.R. 4414, H.R. 4415,
H.R. 4416, H.R. 4417, H.R. 4418, H.R. 4419, H.R. 4420, H.R. 4445,
H.R. 4446, H.R. 4447, H.R. 4448, H.R. 4449, H.R. 4450, H.R. 4451,
H.R. 4452, H.R. 4453, H.R. 4542, H.R. 4543, H.R. 4544, H.R. 4545,
H.R. 4546, H.R. 4547, H.R. 4548, H.R. 4549, H.R. 4550, H.R. 4551,
H.R. 4552, H.R. 4553 and H.R. 4554)**

June 22, 2012

This statement is submitted on behalf of Kaltex Fibers S.A. de C.V. (“Kaltex”) in connection with the Ways and Means Committee’s request for public comment regarding pending miscellaneous duty suspension bills. Kaltex wishes to take this opportunity to register its strong opposition to the following 33 pending duty suspension bills covering acrylic fiber (summarized below): H.R. 4410, H.R. 4411, H.R. 4412, H.R. 4413, H.R. 4414, H.R. 4415, H.R. 4416, H.R. 4417, H.R. 4418, H.R. 4419, H.R. 4420, H.R. 4445, H.R. 4446, H.R. 4447, H.R. 4448, H.R. 4449, H.R. 4450, H.R. 4451, H.R. 4452, H.R. 4453, H.R. 4542, H.R. 4543, H.R. 4544, H.R. 4545, H.R. 4546, H.R. 4547, H.R. 4548, H.R. 4549, H.R. 4550, H.R. 4551, H.R. 4552, H.R. 4553 and H.R. 4554.

Kaltex is the major North American producer of the acrylic fiber covered by the subject duty suspension bills. Kaltex has maintained major acrylic fiber manufacturing operations in Mexico since 1985, and recently completed a major expansion of its production facility in Altamira, Tamaulipas. Kaltex now has on stream an annual production capacity of 100,000 tons of acrylic tow, staple and top, whereas total U.S. demand in 2011 is estimated to have been only 33,020 tons (exclusive of 6,500 tons of modacrylic fiber and carbon fiber precursor not covered by the subject bills).

Kaltex has invested over \$240 million in its acrylic fiber manufacturing operations, including major investments in plant expansion, automation and the adoption of SNIA technology (making Kaltex one of the few companies worldwide that produces acrylic fiber in a continuous mode). Over the last two years, Kaltex has made \$40 million in new investments focused on product diversification for higher value-added acrylic fiber markets, such as those for producer dyed and solution dyed fiber, as well as

additional plant expansion. Kaltex also has invested \$50 million to install a cogeneration plant that has further enhanced the company's competitiveness while reducing the carbon footprint of its acrylic fiber production by at least 20 percent.

These aggressive expansion and improvement programs have benefited the 650 workers at the company's manufacturing facility in Altamira. They also have benefited the over 3,200 residents of Altamira and neighboring Tampico and Madero in Tamaulipas.

Kaltex opposes the subject duty suspension bills for the following reasons:

First, there is no need for the identified 33 duty suspension bills. Adequate supplies of the specific types of acrylic fiber covered by these bills are readily available to U.S. textile producers from North American suppliers free of duty under the NAFTA. Kaltex, the principal North American manufacturer, is able to fully satisfy U.S. demand for each of the covered products in terms of volume, product quality, and timeliness of delivery.

Second, the bills would undermine the goal of preserving and promoting manufacturing in North America. The bills would eliminate the tariff preference North American acrylic fiber producers have heretofore benefited from by virtue of their NAFTA-eligible operations and, in so doing, seriously undermine the competitive position of Kaltex, the principal North American supplier. At the same time, the subject bills would give a "free ride" of unilateral duty-free treatment to Chinese, Japanese and European fiber manufacturers. Moreover, the bills would circumvent existing short supply petition procedures established under the NAFTA for textile products.

Finally, the 33 duty suspension bills carry a truly enormous budgetary cost, collectively costing the federal treasury nearly \$20 million in potential duties foregone. Most of these duty suspension provisions have been subdivided into multiple bills in an effort to keep the budget scoring estimate for each individual bill below the Ways and Means Committee's threshold of \$500,000 in annual duties foregone. Regardless of how many individual bills these provisions may be split into, there can be no denying that, in the aggregate, the bills carry an enormous multi-million dollar budgetary cost. Moreover, judging from the disclosure forms submitted by the bills' sponsors, it appears that each of these bills would benefit only a single company.

To review, the bills of concern and their product scope are shown below (each bill would suspend or reduce the applicable most-favored-nation (MFN) rate of duty through December 31, 2015):

H.R. 4410 by Rep. Sanford Bishop (GA): A bill to extend the temporary suspension of duty (HTS 9902.10.22) on acrylic or modacrylic staple fibers, carded, combed, or otherwise processed for spinning

H.R. 4411 by Rep. Sanford Bishop (GA): A bill to extend the temporary suspension of duty (HTS 9902.40.22) on acrylic filament tow imported in the form of bundles of crimped product each containing 214,000 filaments (plus or minus 10 percent)

H.R. 4412 by Rep. Sanford Bishop (GA): A bill to extend the temporary suspension of duty (HTS 9902.40.23) on acrylic staple fibers, dyed but not carded, combed, or otherwise processed for spinning, with a cut fiber length of 100 mm to 135 mm and a target length of 120 mm

H.R. 4413 by Rep. Sanford Bishop (GA): A bill to extend the temporary suspension of duty (HTS 9902.40.24) on acrylic staple fibers, not dyed and not carded, combed, or otherwise processed for spinning, with a cut fiber length of 89 mm to 140 mm and a target length of 115 mm

H.R. 4414 by Rep. Sanford Bishop (GA): A bill to extend the temporary suspension of duty (HTS 9902.40.30) on acrylic staple fiber, dyed, not carded, combed, or otherwise processed for spinning, with a cut fiber length of 89 to 140 mm and a target length of 115 mm

H.R. 4415 by Rep. Sanford Bishop (GA): A bill to extend the temporary suspension of duty (HTS 9902.40.31) on acrylic staple fiber, not dyed, not carded, combed, or otherwise processed for spinning, with a cut fiber length of 100 mm to 135 mm and a target length of 120 mm

H.R. 4416 by Rep. Sanford Bishop (GA): A bill to provide for a new temporary suspension the duty on acrylic filament tow (polyacrylonitrile tow) containing by weight 92 percent or more of polyacrylonitrile, not more than 0.01 percent of zinc, and 2 percent or more but not over 8 percent of water, importing in the form of bundles of crimped product 250,000 filaments (plus or minus 10 percent) with an average decitex of 3.3 to 5.6 decitex (plus or minus 10 percent) and length greater than 2 meters (provided for in HTS 5501.30.00)

H.R. 4417 by Rep. Sanford Bishop (GA): A bill to provide for a new temporary suspension the duty on acrylic filament tow (polyacrylonitrile tow) containing by weight 92 percent or more of polyacrylonitrile, not more than 0.01 percent of zinc, and 2 percent or more but not over 8 percent of water, importing in the form of bundles of crimped product of 250,000 to 350,000 filaments (plus or minus 10 percent) with an average decitex of 2.4 to 3.7 decitex (plus or minus 10 percent) and length greater than 2 meters (provided for in subheading 5501.30.00)

H.R. 4418 by Rep. Sanford Bishop (GA): A bill to provide for a new temporary suspension the duty on acrylic staple fibers (polyacrylonitrile staple), not carded, combed, or otherwise processed for spinning, the foregoing containing by weight 92 percent or more of polyacrylonitrile, not more than 0.01 percent of zinc and 2 percent or more but not over 8 percent of water, with a decitex of 2.4 to 3.7 (plus or minus 10 percent), a fiber shrinkage of from 0 to 22 percent (plus or minus 10 percent), and a cut fiber length of 89 to 140 mm, with a target length of 115 mm (provided for in HTS 5503.30.00)

H.R. 4419 by Rep. Sanford Bishop (GA): A bill to provide for a new temporary suspension the duty on acrylic filament tow (polyacrylonitrile tow) containing by weight 92 percent or more of polyacrylonitrile, not more than 0.01 percent of zinc, and 2 percent or more but not over 8 percent of water, importing in the form of bundles of crimped product 198,000 filaments (plus or minus 10 percent) with an average decitex of 4.0 to 5.6 decitex (plus or minus 10 percent) and length greater than 2 meters (provided for in HTS 5501.30.00)

H.R. 4420 by Rep. Sanford Bishop (GA): A bill to extend and modify (by changing the temporary rate of duty from 1.2% to Free) temporary duty provision (HTS 9902.40.21) on acrylic filament tow imported in the form of bundles of crimped product, each containing 198,000 filaments (plus or minus 10 percent) with an average decitex of 4.0 to 5.6 (plus or minus 10 percent) and length greater than 2 meters

H.R. 4445 by Rep. Howard Coble (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.04) on acrylic staple fibers (polyacrylonitrile staple) containing at least percent by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, colored, crimped, with an average decitex of 3.0 (plus or minus 10 percent) and fiber length of 50 mm (plus or minus 10 percent) (provided for in HTS 5503.30.00)

H.R. 4446 by Rep. Howard Coble (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.09) on modacrylic staple fibers containing 35 percent or more but not over 85 percent by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, not pigmented (ecru), crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 38 mm (plus or minus 10 percent) (provided for in HTS 5503.30.00)

H.R. 4447 by Rep. Howard Coble (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.10) on acrylic staple fibers (polyacrylonitrile staple) containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, colored, crimped, with an average

decitex of 2.2 (plus or minus 10 percent) and fiber length of 45 mm (plus or minus 10 percent) (provided for in HTS 5503.30.00)

H.R. 4448 by Rep. Howard Coble (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.17) on acrylic staple fibers (polyacrylonitrile staple) containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, colored, crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 50 mm (plus or minus 10 percent) (provided for in HTS 5503.30.00)

H.R. 4449 by Rep. Howard Coble (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.16) on acrylic staple fibers (polyacrylonitrile staple) containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, non-pigmented (ecru), crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 50 mm (plus or minus 10 percent) (provided for in HTS 5503.30.00)

H.R. 4450 by Rep. Howard Coble (NC): A bill to provide for a new temporary suspension of the duty on acrylic staple fibers (polyacrylonitrile staple) containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, colored, crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 45 mm (plus or minus 10 percent) and fiber tenacity of 40 CN/TEX (plus or minus 10 percent) (provided for in HTS 5503.30.00)

H.R. 4451 by Rep. Howard Coble (NC): A bill to provide for a new temporary suspension of the duty on acrylic staple fibers (polyacrylonitrile staple) containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, colored, crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 45 mm (plus or minus 10 percent) and fiber tenacity of 48 CN/TEX (plus or minus 10 percent) (provided for in HTS 5503.30.00)

H.R. 4452 by Rep. Howard Coble (NC): A bill to provide for a new temporary suspension of the duty on acrylic staple fibers (polyacrylonitrile staple) containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, colored, crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 50 mm (plus or minus 10 percent) and fiber tenacity of 30 CN/TEX (plus or minus 10 percent) (provided for in HTS 5503.30.00)

H.R. 4453 by Rep. Howard Coble (NC): A bill to provide for a new temporary suspension of the duty on acrylic staple fibers (polyacrylonitrile staple) containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, colored, crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 50 mm (plus or minus 10 percent) and fiber tenacity of 38 CN/TEX (plus or minus 10 percent) (provided for in subheading 5503.30.00)

H.R. 4542 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.05) on modacrylic staple fibers containing 35 percent or more but not over 85 percent by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, not pigmented (ecru), crimped, with an average decitex of 1.9 (plus or minus 10 percent) and fiber length of 51 mm (plus or minus 10 percent)

H.R. 4543 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.06) on acrylic staple fibers containing at least 85 percent by weight of acrylonitrile units and 2 percent or more but not more than 3 percent of water, not dyed or pigmented (ecru), crimped, with an average decitex of 1.9 (plus or minus 10 percent) and fiber length of 51 mm (plus or minus 10 percent)

H.R. 4544 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.07) on acrylic staple fibers containing at least 85 percent by weight of acrylonitrile units and 2 percent or more but not more than 3 percent of water, raw white (undyed), crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 38 mm (plus or minus 10 percent)

H.R. 4545 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.08) on acrylic staple fibers containing at least 85 percent by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, raw white (undyed), crimped, with an average decitex of 1.3 (plus or minus 10 percent) and fiber length of 38 mm (plus or minus 10 percent)

H.R. 4546 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.11) on acrylic staple fibers (polyacrylonitrile staple) containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, not pigmented (ecru), crimped, with an average decitex of 1.3 (plus or minus 10 percent) and fiber length of 40 mm (plus or minus 10 percent)

H.R. 4547 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.12) on acrylic filament tow containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, raw white (undyed), crimped, with an average decitex of 4.1 (plus or minus 10 percent) and an aggregate filament measure in the tow bundle from 660,000 to 1,200,000 decitex, with a length greater than 2 meters

H.R. 4548 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.13) on acrylic filament tow containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, raw white (undyed), crimped, with an average decitex of 2.2 (plus or minus 10 percent) and an aggregate filament measure in the tow bundle from 660,000 to 1,200,000 decitex, with a length greater than two meters

H.R. 4549 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.14) on acrylic fiber tow containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, raw white (undyed), crimped, with an average decitex of 3.3 (plus or minus 10 percent) and an aggregate filament measure in the tow bundle from 660,000 to 1,200,000 decitex, with a length greater than 2 meters

H.R. 4550 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.15) on acrylic staple fibers containing 85 percent or more by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, raw white (undyed), crimped, with an average decitex of 1.2 (plus or minus 10 percent) and fiber length of 38 mm (plus or minus 10 percent)

H.R. 4551 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.22) on acrylic filament tow (polyacrylonitrile tow) containing by weight 92 percent or more of polyacrylonitrile, not more than 0.01 percent of zinc and 2 percent or more but not over 8 percent of water, imported in the form of bundles of crimped product each containing 214,000 filaments (plus or minus 10 percent) with an average decitex of 4.0 to 5.6 decitex (plus or minus 10 percent) and length greater than 2 meters (provided for in HTS 5501.30.00)

H.R. 4552 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.10.22) on acrylic or modacrylic staple fibers, carded, combed, or otherwise processed for spinning (provided for in HTS 5506.30.00)

H.R. 4553 by Rep. Walter Jones (NC): A bill to provide for a new temporary suspension of the duty on acrylic filament tow containing 85 percent or more by

weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, colored, crimped, with an average decitex of 3.3 (plus or minus 10 percent) and an aggregate filament measure in the tow bundle between 660,000 and 1,200,000 decitex, with a length greater than 2 meters (provided for in HTS 5501.30.00)

H.R. 4554 by Rep. Walter Jones (NC): A bill to extend the temporary suspension of duty (HTS 9902.40.03) on modacrylic staple fibers containing 35 percent or more but not over 85 percent by weight of acrylonitrile units and 2 percent or more but not over 3 percent of water, not pigmented (ecru), crimped, with an average decitex of 2.2 (plus or minus 10 percent) and fiber length of 51 mm (plus or minus 10 percent)

We appreciate this opportunity to share Kaltex's concerns regarding these 33 duty suspension bills with the Ways and Means Committee. Please feel free to contact us if the Committee has any questions regarding our position on this matter.

Respectfully submitted,



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